

No. 22049A

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

K-S-H PLASTICS, INC., a Missouri corporation,
Appellant,
vs.

SUNBEAM LIGHTING COMPANY, INC., a California corporation,
Appellee.

APPELLEE'S BRIEF.

SPENSLEY, HORN & JUBAS,
6380 Wilshire Boulevard,
Los Angeles, Calif. 90048,
Attorneys for Appellee.

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COUNTERSTATEMENT OF THE CASE.

Introduction.

Plaintiff has specified as error the lower Court's Findings of Fact Numbers 9, 10, 11 and 12 and has set out in plaintiff's Statement of the Case portions and excerpts from the record in connection with such findings. Defendant-Appellee (hereinafter referred to as "Sunbeam") therefore has set out at Section B herein more completely and with greater specificity the record of testimony and evidence which supports such Findings of Fact in accordance with Rule 18-3 of this Court. For clarity and continuity Sunbeam's summary of the facts has been included in Sunbeam's Counterstatement of the Case although many of such facts as stated by plaintiff are not controverted. The Findings of Fact and Judgment Order of the District Court are attached as Exhibits 1 and 2 in the appendix herein.

A. Summary of the Facts.

1. The Business and Products of the Respective Parties.

Plaintiff is, and has been since 1958, a leading manufacturer of plastic prismatic lighting panels of various lens pattern configurations. Plaintiff sells such lighting panels directly to lighting fixture manufacturers, such as Sunbeam, which in turn incorporate such panels into lighting fixtures for installation in a building pursuant to a specification-bid-order system that is standard throughout the industry.

Sunbeam is a manufacturer of lighting fixtures. Depending upon the nature of an order received, Sunbeam manufactures and sells fixtures incorporating as a component thereof lighting panels purchased from sources such as plaintiff or other panel manufacturers such as Carolite or Sheffield or lighting panels manufactured directly for Sunbeam and sold as Sunbeam's own panels. The type of lighting fixture and the nature and origin of the incorporated prismatic panel sold by Sunbeam is dependent upon the specificity of the order submitted by the ultimate consumer. For example, if the order specifies that a panel with a certain pattern or lens configuration is to be acquired from a particular source and incorporated in the fixture, it is Sunbeam's practice to purchase panels from such source for incorporation into the fixture. If however, the consumer specifies only a particular panel pattern or lens configuration, it is Sunbeam's practice to purchase and incorporate a complying panel from any of a number of sources [R. 1076-1079, 1085, 1086].*

*The Record comprises ten volumes, volumes three through ten containing the testimony at the trial. References to volume one are identified as "Vol. I, R....." Volume II is the record in

2. The Order and Specification System as Commonly Practiced Within the Lighting Fixture Industry.

Lighting fixtures and lighting panels are distributed by a specification and bid system in which specifications are prepared by architects or electrical engineers as agents of a building owner [Finding of Fact 5, Vol. I, R. 17]. It is the usual practice that the specification designates the lighting fixture, and the lighting panel to be supplied therewith, by the use of the fixture manufacturer's name together with its alphanumeric catalog designation or symbol, such as XL-12-2-40-RS-AG-PF wherein the letters "AG" are representative of the lens pattern of the panel normally supplied with the fixture [Def. Ex. AE, BG-BI]. In relatively few instances, the specifications on which the fixture manufacturers bid describe the lighting panels separately from the fixture catalog designation, by such alphanumeric designations as "K-4", or insert such a designation into the catalog number at the appropriate place in order to particularly specify a desired lens or pattern configuration [Def. Ex. AL-AO]. In still fewer instances, the specifications will further include the requirement that the lighting panel be of a particular pattern or lens configuration and from a particular manufacturer by including directions such as "K-11 lens by K-S-H." [R. 815, lines 21-25].

Following receipt of the specification, the fixture manufacturer furnishes a bid based upon the specification. If awarded the bid, the fixture manufacturer supplies the specified fixture incorporating a panel complying with the specification. If the specification has

the Carolite Case. The remaining volumes with consecutive pagination are identified only by page reference numeral, thus "R."

designated a panel or other component from a particular source, no substitution may be made without prior approval or authorization from the specifier. However, if the specification has designated only a particular lens pattern for the panel, the fixture manufacturer is free to acquire such panel from whatever source he desires [R. 819-820, 876-877].

3. Plaintiff's Product Designation System.

Prior to 1957, plaintiff adopted and began to use the registered trademark K-S-H on and in connection with the sale of plastic prismatic lighting panels [Finding of Fact 7, Vol. I, R. 18]. In 1958, plaintiff adopted and began to use the registered trademark K-LITE on and in connection with a sale of the line of its specification quality plastic prismatic lighting panels [Finding of Fact 6, Vol. I, R. 18]. There is no issue joined herein either as to the validity of nor plaintiff's exclusive right to the use of the trademarks K-S-H or K-LITE.

It has been stipulated that plaintiff presently manufactures and sells a number of different plastic prismatic lighting panels of various patterns under the above trademarks. Plaintiff designates its different plastic prismatic lighting panel patterns with "K-numbers," each pattern bearing a different number preceded by the capital letter K. The plastic prismatic lighting panels which are the subject of this action are K-4, K-5, K-11 and K-12, such patterns being first sold by such designations in 1958, 1959, 1963 and 1963 respectively [Finding of Fact 8, Vol. I, R. 18].

4. Operative Facts Underlying Plaintiff's Claim of Unfair Competition.

There are two distinct fact patterns upon which plaintiff has based its claim of unfair competition. In the first and foremost situation, Sunbeam has admittedly furnished lighting panels manufactured by others than plaintiff on specifications calling for "K-numbered" panels alone without any mention of K-S-H or K-LITE [R. 658-660]. This fact situation presents the basic question involved in this case, that is, whether the primary significance of these "K-numbers" is to indicate a particular lens pattern or configuration as opposed to the origin or source of such panel [Finding of Fact 5, Vol. I, R. 17].

The second fact situation upon which plaintiff has based its claim of unfair competition concerns a single, isolated specification calling for a lighting panel by the designation "K-S-H, K-4," as opposed to a "K-number" alone. In this instance, Sunbeam originally supplied the consumer with the required fixtures incorporating the specifically designated "K-S-H, K-4" lighting panel. However, through the fault of third parties at the job site, some 305 of the original K-4 panels as manufactured by K-S-H were damaged. As will be set forth in greater detail hereinafter, a second order was received by Sunbeam, from six to seven months after the original purchase order, requesting replacement panels. This document did not contain any K-S-H or K-LITE designations. The change order specified only K-4 panels. Sunbeam supplied, without prior authorization or approval, 305 replacement lighting panels manufactured by defendant, Carolite, Inc., which were identical in appearance, structure and lens

configuration to the “K-S-H, K-4” lighting panels requested by the original order and specification (*infra*, p. 24). The substitution was not made for the purpose or with the intent of “palming off” Carolite’s goods for those of plaintiff’s, but resulted from Sunbeam’s inadvertent failure to refer back to the original specification in filling the replacement order [Finding of Fact 14, Vol. I, R. 20].

B. Evidence and Testimony Adduced at Trial in Support of the Court’s Findings of Fact as to the Significance, Effect and Status of Plaintiff’s Designations K-4, K-5, K-11 and K-12.

The following evidence and testimony adduced at the trial supports the Court’s Findings of Fact Numbers 9, 10, 11 and 12 specified by plaintiff to be erroneous. The relevant portions of the Findings of Fact are set out hereinafter with reference to the evidence and testimony in support thereof.

Evidence and testimony was adduced from three primary categories other than the parties, namely: (1) representatives of other panel manufacturers; (2) representatives of other lighting fixture manufacturers; and, (3) lighting or electrical engineers or specifiers.

1. Testimony of Representatives of Plaintiff.

It does not appear that plaintiff itself has generally regarded the “K-numbers” as an indication of source or used them as such, but has relied on its name and registered trademarks to identify the maker of its goods. [Finding of Fact 9, Vol. I, R. 19].

Plaintiff has never advertised its products under “K-numbers” alone [R. 198, lines 5-14]. *All of plain-*

tiff's advertising and promotional material, including catalogs, features "K-numbers" serving as an adjunct to identify particular patterns [Finding of Fact 9, Vol. I, R. 19].

Mr. Stahlhut, Vice President of Plaintiff, testified that plaintiff has devoted considerable effort to educating specification writers in the manner of designating plaintiff's products and specifications. Such efforts, however, have been directed solely to advising the specification writers to employ the trademark K-LITE when specifying prismatic panels [R. 199, 218-220]. Mr. Henry Smith, President of Plastics Specialties Corp., West Coast sales agent or representative for plaintiff, testified that neither he nor his company has distributed any written material, advertising or promotional material to architects, engineers or specifiers advising them to specify products from K-S-H Plastics, Inc. by reference to "K-numbers" alone [R. 382, lines 17-22].

While K-4, K-5, K-11 and K-12 have been used by plaintiff since 1958, 1959, 1963 and 1963 respectively, plaintiff has not shown that it has ever used a "K-number" alone, in any manner to indicate K-S-H Plastics, Inc. The trademark K-LITE and not the "K-number" appears on individual panels manufactured and sold by plaintiff [R. 209-213]. While carton markings including "K-numbers" have been used, the "K-numbers" have been added to such cartons for the purpose of designating panel patterns and the mark K-LITE has been placed thereon as the trademark [Rozsypal Depn. Def. Ex. BC, p. 24, lines 4-23]. Where they have been used, without exception the cartons have been prominently marked with either "K-S-

H" or "K-LITE" and the "K-number", either written or stamped, usually into a blank line following the word "pattern" printed on the carton [Plf. Ex. 182; R. 1145].

2. Testimony of Representatives of Other Panel Manufacturers.

Numbers and letters of the alphabet were used prior to plaintiff's adoption of its "K-numbers," and continue to be used, by manufacturers of prismatic lighting panels to designate their various panel lens configurations [R. 24-27]. *Mr. Frank Teague*, Vice President in charge of sales for Sheffield Plastics, Co., a manufacturer and seller of plastic prismatic lenses, called as a witness by plaintiff, stated on cross-examination by Sunbeam's counsel that he recognized the following alphanumeric designations for panel lens patterns: SL-87, R-5, S-55, R-7, SL-35, B-70, P-4, C-4, S-40, I-1, PL-21 and P-8. Particularly, Mr. Teague indicated that both Rohm & Haas Co. and Parahex Co. used "P-numbers" such as P-4, P-8, to designate various lens pattern configurations [R. 261-265]. Mr. Teague stated that his company, Sheffield Plastics, Inc., also manufactured plastic prismatic lenses which it identifies by "SL-numbers," such as SL-87. But, such designation SL-87 is only used in connection with the name "Sheffield" so that third parties will know that the goods come from Sheffield Plastics [R. 247, lines 4-21].

The testimony of *L. Wellen* of Carolite, a panel manufacturer, indicates that they do not regard their similar pattern designations, such as "C-numbers," as trademarks or as marks indicative of source [R. 479, 483, 484].

3. Testimony of Representatives of Lighting Fixture Manufacturers.

While plaintiff is the only lighting panel manufacturer using the specific "K-numbers" K-4, K-5, K-11, and K-12, "K-numbers" are regularly and substantially used by lighting fixture manufacturing companies in the promotion and sale of prismatic lighting panels. They are generally used in specifying, ordering, and supplying panels to indicate the lens pattern only [Findings of Fact 9, 10, Vol. I, R. 19].

Testimony of the representatives of eight independent lighting fixture manufacturers was elicited concerning the significance, function and effect of the designations K-4, K-5, K-11 and K-12.

Mr. Eugene Wade, General Manager and Vice President of Acme Lighting and Manufacturing Co., described a typical use of "K-numbers" by the fixture manufacturers.

Mr. Wade identified Defendant's Exhibit AE as an Acme Lighting and Manufacturing Co. trade catalog and specifically referred to page 13 thereof which shows an explanation of the Acme Fluorescent Lighting Fixture. This catalog number, which reads "XL-12-2-40 RS-AG-FP", is included in submittals which Acme makes to architects and engineers when bidding on specification type jobs [R. 1024, lines 8-15, 1026, lines 10-16]. The catalog specifically describes and explains what each of the numerals and letters of the catalog number mean. With reference to the letters "AG" which appear in the catalog number, Mr. Wade testified that the portion of the catalog number where the letters "AG" appear identifies the diffuser or plastic prismatic lens. For example, the catalog states

that the designations K-11, K-12 or K-5 would be inserted into the catalog number in place of the designation "AG" to describe the plastic prismatic lens configuration which Acme would supply in their fluorescent fixture. In instances where Acme would insert the pattern configuration K-5, K-11 or K-12 in its catalog number, Acme would actually purchase their prismatic panels without any obligation to supply any prismatic panel from any particular manufacturer [R. 1028, line 22 to p. 1029, line 5]. Acme uses "K-numbers" on pages 8 and 9 of its catalog as a matter of identification for its customers to show the prismatic patterns which it has available. Acme does not use these "K-numbers" to identify a manufacturer of a plastic prismatic panel. [R. 1029, line 23, to 1030, line 6]. On page 4 of the Acme catalog [Def. Ex. AE], the designations K-496, K-240, K-440, K-248, K-272, K-296, K-448 and K-472 appear as Acme designations for various fluorescent fixtures of its own manufacture which incorporate various diffuser panels [R. 1030, line 15, to 1031, line 14].

Mr. George Marx, Vice President of Nu-Lite Manufacturing Co. testified as to the function of the designations K-4, K-5, K-11 and K-12.

Nu-Lite has received fluorescent lighting fixture specifications from architects and engineers, which referred to "K-numbers" alone, such as K-4, K-5, K-11 or K-12 [R. 982, line 2-12]. Mr. Marx has been responsible for submitting bids on behalf of Nu-Lite on such specifications and, in fact, Nu-Lite has received the contract on such specifications where "K-numbers" alone were referred to. In submitting the Nu-Lite bid in response to such a specification, Nu-Lite

includes the requested "K-number" as part of its electrical fixture catalog number [R. 982, line 18 to 983, line 10]. Mr. Marx prepared a chart for the trial court setting forth a typical Nu-Lite catalog number which would be submitted on a job where a "K-number" alone had been specified. Taking the Nu-Lite catalog number "LBM24RD448RSK5A," Mr. Marx stated that its component parts indicate the particular troffer or fixture series (LBM); the width of the troffer (24); the fixture mounting, *i.e.*, recessed (RD); the number of lamps (4); the length of the fixture (48); the lamp starting configuration (RS); and the "type of pattern we will use in that lighting fixture" together with an indication of panel material (K5A) [R. 984-986]. Mr. Marx continued his explanation:

"Q. If you were awarded the contract on this job where the catalog number is referred to, Mr. Marx, from whom would your company acquire the prismatic lens which you have described by the reference to K-5? A. Carolite or K-S-H or, in a few cases, we supplied Sheffield, but it was unsatisfactory. . . .

Q. If you supplied a lens from either Sheffield or Carolite, would you obtain architect or electrical engineer approval? A. No.

. . .

Q. And what do 'K-numbers' alone mean to you K-4, K-5, K-11 and K-12? A. Pattern description.

Q. Do those numbers indicate to you a single manufacturer? A. No, they don't, not to me." [R. 986, line 6, to 987, line 16].

The deposition of *Mr. Samuel L. Wigodner*, Purchasing Agent for L. J. Siegil Co. and Luminous Ceilings, was introduced into evidence on behalf of Sunbeam [Def. Ex. BF].

On direct examination by plaintiff's counsel, Mr. Ooms, Wigodner identified Defendant's Exhibit AB as a catalog sheet of Luminous Ceilings showing a lighting fixture having a plastic prismatic lens. Shown in connection with the lighting fixture are various illustrations of the different types of plastic prismatic lenses which may be used with the fixture. Adjacent to each illustration appears the alphanumeric designations K-4, K-5, K-6, K-8 and K-QT23. Mr. Wigodner testified, that all of these various "K-numbers" are used to describe prismatic lens patterns or configurations and do not indicate any manufacturer, as follows with reference to Defendant's Exhibit AB:

Q. I have marked as 223B (Trial Exhibit AB) another catalog insert sheet of Luminous Ceilings, is that correct? A. Right.

Q. And that is for a troffer, showing various types of what you state, plasto lens, is that correct? A. Right.

Q. Now, down below are pictured what appears to be various configurations of plastic prismatic lenses, is that correct? A. Right.

Q. What does K-4 stand for? A. A pyramidal prism.

Q. Any particular manufacturer? A. No. One of many.

Q. And it designates no particular manufacturer? A. A four-sided pyramid, actually.

Q. And beside another configuration is a designation 'K-5'. What does that designate? A. That is a hexagonal pyramid, prism.

Q. Does it designate anything else other than that? A. No.

Q. No particular manufacturer? A. No.

Q. And beside another configuration is 'K-6'. What does that designate? A. That's sort of a diagonal prism. The ray is diagonal. It is sort of a diamond-shaped, I would say, prism.

Q. And does it indicate anything else other than that? A. No. It is confined to one manufacturer.

Q. Who is that? A. Sandee Manufacturing.

Q. The K-6 is? A. Yes.

Q. All right. And I see another configuration that has got 'K-8', is that correct? A. Right.

Q. And what does that indicate? A. Well, I don't know. That is sort of a hodgepodge, sort of a—it is two prisms superimposed on each other, actually, chicken wire overlay prism. It is a discontinued item now, I believe. K-S-H.

Q. Who made that? A. K-S-H. [Dep'n. Def. Ex. BF, pp. 7-10].

Mr. Wigodner further testified that his company does not need architect approval for supplying a prismatic panel specified as K-4, K-5, K-11 or K-12 from a party other than K-S-H, since these "K-numbers" designate pattern configurations, which configurations are available from a number of different manufacturers [Def. Ex. BF, pp. 36-37]. Specifically, Mr. Wigodner testified that the K-4 configuration is manufactured by Rohm & Haas, Polycast, Carolite, K-S-H Plastics, San-

dee Mfg. Co., Plascolight, Praksie, Rotuba, and Waljohn. He testified that the K-5 configuration is manufactured by the same group of companies and that the K-6 configuration is manufactured by Sandee Mfg. Co. only. He testified that the K-8 configuration was made by K-S-H and the K-Q23 configuration was made by Sheffield plastics only. He also testified that his company has purchased these "K-numbered" configurations from the Sandee Mfg. Co., Carolite, K-S-H Plastics, Polycast, Sheffield and Atlas [Def. Ex. BF, pp. 50-52].

By deposition [Def. Ex. DB], *Mr. Leo F. Givens*, Treasurer and Purchasing Agent of Wellmade Metal Products Co., stated his company's practice with respect to the use of "K-numbers."

Wellmade Metal Products Company publishes a brochure or trade catalog advertising the plastic prismatic lenses used in its fluorescent lighting fixtures [Plf. Ex. 192]. On page 3 of that catalog, one of the prismatic lenses is identified by the designation K-12. On direct examination by plaintiff's counsel, Mr. Ooms, Mr. Givens testified that this designation described a 'K-12 pattern'.

Mr. Givens testified as follows:

"Q. Now, can you tell us what the K-12 signifies insofar as that brochure is concerned? A. Well, so far as this brochure is concerned, it designates a pattern, a certain pattern.

Q. That's identified with the designation there? A. That's correct.

Q. And your company does put out this type of brochure? A. Yes." [Def. Ex. DB, p. 5, lines 6-26].

Regarding the significance of "K-numbers" in the industry, the testimony of *Mr. Maurice Seigel*, President of Haluk Lighting Co., is most lucid:

"Q. Now, in another vein, could you tell me what the designations K-4, K-5, K-11 and K-12 mean to you? A. *Primarily pattern*, because of the fact that there are so many sources of plastic in the industry that the relationship to a specific company has been washed out; an acknowledgment of a pattern, rather than the source of the product. This is a usage that has pervaded the trade particularly in the commercial level, where the great segment of commerce takes place, rather than at the specification level. If we get an order for a particular plastic pattern, the source of the manufacturer is never questioned, it is primarily the designation of the configuration rather than any specific manufacturer." [Dep'n. Def. Ex. BA, p. 4, line 20, to p. 5, line 6]. (Emphasis supplied).

Mr. Leonard Rosenblatt, President of Globe Illumination Co., stated his company's understanding and use of "K-numbers" in fluorescent lighting fixture specifications, including K-4, K-5, K-11 and K-12, as designating only a prismatic panel design and not a manufacturer of a prismatic panel [R. 956, lines 16-24]. Mr. Rosenblatt has reviewed fluorescent lighting fixture specifications received by Globe Illumination Co. which specify "K-numbers" alone. When such a specification is received, Mr. Rosenblatt and his company treat it as an "open specification", meaning that his company may supply a prismatic panel from any manufacturer without prior approval so long as the pattern configuration described by the reference to "K-

numbers" is met [R. 954-956, 959]. Mr. Rosenblatt has given specific authorization and instructions to his material purchasing department to purchase prismatic panels from either Carolite or KSH when the company is meeting a specification wherein a "K-number" alone, such as K-4, K-5, K-11 or K-12, is specified. Mr. Rosenblatt indicated that his company uses "K-numbers" solely as descriptions of various prismatic panel configurations irrespective of the source or manufacturer of such panel [R. 963-965].

Mr. Robert Forgnone, in charge of material and material control at Globe Illumination Co., expanded on the specification and order operations explained by Mr. Rosenblatt. Mr. Forgnone regards "K-numbers," including K-4, K-5, K-11 and K-12, as descriptive of a prismatic panel configuration [R. 904, line 1, to 905, line 7]. In fact, Globe Illumination Co. has ordered prismatic panels from J. W. Carroll & Sons by describing the prismatic lens pattern or configuration through the use of "K-numbers," such as K-12. When Globe Illumination Co. places an order with J. W. Carroll & Sons requesting certain prismatic panels by reference to "K-numbers," it is intending to get a prismatic panel manufactured by J. W. Carroll & Sons which has a pattern configuration conforming to a particular pattern. Moreover, pattern designations, such as K-12 and C-12, are used interchangeably since they both describe the same lens pattern configuration. In this connection, Globe Illumination Co. has ordered plastic prismatic panels from KSH Plastics, Inc., by describing the pattern configuration through use of the designation C-12 alone [R. 906-908].

Mr. Eugene Wade, reviews fluorescent lighting specifications which are received by Acme and has seen references to prismatic panels in such specifications utilizing "K-numbers" alone. Specifically, Mr. Wade's testimony, on this point and as to his interpretation of what "K-numbers" mean, is as follows:

“Q. In reviewing the specifications with architects and engineers which come to your company, Acme, have you ever seen a K-number in such a specification? A. Yes, I have.

Q. Have you specifically ever seen a K-number such as K-4, K-5, K-11 and K-12, in a specification? A. Yes, I have.

Q. Have you ever seen such a K-number appearing alone in one of these specifications? A. You mean as K-5?

Q. Yes, the term K-5 alone? A. Yes.

Q. How do you interpret and treat such a specification when it is received by your company? A. Well, as a type of plastic diffuser.

Q. When you say type— A. A particular pattern. . . .

Q. Does it indicate to you that the specifier or engineer is requiring a prismatic panel from a particular manufacturer? A. Well, in my experience they usually designate the manufacturer by spelling out the name.

Q. You mean if they want the manufacturer? A. If they want that particular manufacturer.

Q. In such a situation, how would it read in the specification, if they wanted a lens from a particular manufacturer? A. Well, for example, we

would have K-5 as manufactured by KSH. They would signify we should use KSH material. . . .

Q. Does such a specification referring to a K-number alone, indicate to you that the specifier or engineer wants a prismatic panel from a single manufacturer? A. No." [R. 1018-1020].

Mr. George Marx, Vice President of Nu-Lite Mfg. Co., *supra*, pages 10-11, has called upon engineers, specifiers and architects in attempts to have his company's fluorescent lighting fixtures written into electrical specifications. In meeting with such engineers and architects, Mr. Marx discussed "K-numbers," such as K-4, K-5, K-11 and K-12, as referring to certain pattern descriptions only and not to manufacturers [R. 981, lines 6-19]. He refers to the manufacturer of the panel by using specific names such as K-S-H K-4, K-S-H K-5 [R. 981-982].

Mr. Ted Grant, Plant Superintendent of Nu-Lite Mfg. Co., affirmed Nulite's approach to "K-numbers" by stating under cross-examination by plaintiff's counsel:

"Q. And did K-11 and K-12 mean the K-S-H company or did you identify those with the K-S-H company? A. To me it always has been—the numbers were an identifier of a pattern type." [R. 1009, lines 7-10].

4. Testimony of Electrical and Lighting Engineers.

Plaintiff's "K-numbers" are not associated by specification writers and other purchasers or the trade with a single source or manufacturer. The primary significance of "K-numbers," alone and apart from K-

LITE or K-S-H, both in the trade and among purchasers is one of pattern and not producer [Finding of Fact 10, Vol. I, R. 19].

As an eminently qualified [R. 854-855] electrical engineer and actual buyer of prismatic panels through the use of written specifications employing “K-numbers”, Mr. William A. Root is both an expert in the field and a purchaser, by “K-number”, of the goods which are alleged to have been “palmed-off”. Mr. Root testified that “K-numbers”, such as K-4, are recognized and always used by him solely as a description of prismatic panel configurations or patterns [R. 863, lines 4-24].

As chief Electrical Engineer for his architectural firm, Mr. Root was in charge of the electrical fixture specifications prepared by his firm in connection with the Taylor Elementary School in Corona, California; the Norco and Coronita Elementary Schools in Norco, California; and the San Clemente Elementary Schools in San Clemente, California [R. 856-857]. These electrical fixture specifications [Def. Ex. AL-AO] prepared by Mr. Root, describe the project and the desired material to the general contractor and inform the suppliers as to what he, the buyer, wants. These specifications were before the Court as alleged instances of palming-off. All of these specifications refer to fluorescent lighting fixtures at page E-5-4 under the paragraph entitled “Type-8” as follows:

“Type 8: A 24 x 48 inch, 120 volt, fluorescent, surface-mounted fixture with four 430 MA rapid start lamps with a prismatic acrylic plastic K-4 control lens.

Sunbeam	<i>QK4A-4604-48RS</i>
Smoot-Holman	<i>238-44R-K4-FA</i>
Globe	<i>K4A-8204-48RS</i>
Columbia	<i>FRPS-24-44ORS-M6-K4A</i>
Day-Brite	<i>2X44-790-K4A</i>
Lithonia	<i>2F-440M-K4A</i>
Westinghouse	<i>42-M44OS-24-4KA</i>
Benjamin-Moe	<i>CM-7144-4-K4A</i>
Western	<i>424-48RS-4KA”</i>

[Def. Ex. AL-AO; R. 859-860]. (Emphasis supplied).

In these specifications as identified by Mr. Root, there appears a short description of the fixture requested by the specifier and the catalog number of the manufacturers who will bid or supply the desired fixture. *The K-4 designation in each catalog number indicates the desired pattern of the lens.* In these specifications the designation “K-4” is not intended to specify a prismatic plastic panel from a specific manufacturer. Rather, the term “K-4” is used as a means of describing the particular type of pattern of the lens that is desired [R. 863, 869-871.]

If Mr. Root wished to specify a lens manufactured by a specific company and require that a lens from that company be supplied in the specified electrical fixtures, he would specify the lens by the manufacturer’s name [R. 863, 864, 866].

The Court questioned Mr. Root as follows:

“The Court: Are you familiar with Carolite?

The Witness: I know of them.

The Court: Are you familiar with C-4?

The Witness: Yes.

The Court: Of Carolite?

The Witness: Yes.

The Court: Is that a pattern number?

The Witness: It is. It is the exact copy of the K-S-H pattern.

The Court: *Then whether you designate a K-4 or C-4, you expect the same pattern, is that right?*

The Witness: *I expect essentially the identical lens. I don't care who it is made by.*

The Court: All right.” [R. 864-865]. (Emphasis supplied).

Defendant Sunbeam obtained the contract for supplying the electrical fixtures under the Type-8 units on page E-5-4 of defendant's Exhibits AL through AO, and it was not necessary for Sunbeam to obtain Mr. Root's approval for the use of Carolite prismatic panels in supplying its electrical fixtures on these four jobs where the electrical fixture specifications called for a K4 pattern [R. 876-877]. Specifically, Mr. Root utilized a Sunbeam catalog number in the Type-8 fixture designation which reads as follows: “QK-4-A-4604-48RS”. Here, Mr. Root actually incorporated the designation K-4 as the second and third digits in the Sunbeam catalog number to indicate his intention to obtain a K-4 pattern made out of acrylic [R. 868-869]. By inserting the designation K-4-A in the Sunbeam catalog number, Mr. Root did not intend that

Sunbeam should supply a prismatic lens from K-S-H Plastics [R. 869, lines 13-16].

On cross-examination, Mr. Root did not change his testimony in any respect but reinforced the previously stated view that K-4 represented a pattern and if a particular source is desired, that source is specifically stated in the specifications [R. 890, lines 3-13]. This is true even though he knows that different lens manufacturers use different letters in designating the same patterns [R. 894-895].

Mr. Henry Simmons is a consulting electrical engineer and head of the electrical engineering firm of Henry Simmons & Associates. Mr. Simmons' qualifications as an engineer are set forth in detail beginning at R. 805. Mr. Simmons, as a buyer of prismatic panels, recognizes and uses "K-numbers" as descriptions of prismatic panel configurations and not as an identification of K-S-H Plastics [R. 811-812].

In preparing fluorescent lighting fixture specifications, Mr. Simmons describes the plastic prismatic panel he desires on a particular job by referring to the necessary dimensions, *i.e.*, length, width and thickness; the panel material, *i.e.*, acrylic, polystyrene or vinyl; and the panel prism configuration by reference to "K-numbers" such as K-4, K-5, K-11 and K-12 [R. 810-811]. Mr. Simmons has actually used "K-numbers" in fluorescent lighting fixture specifications to describe prismatic panel configurations and has received panels in response to these specifications which were manufactured by parties other than plaintiff. Mr. Simmons accepted these panels as meeting his specifications [R. 812, 813]. When Mr. Simmons has specified a prismatic panel to be supplied by plaintiff K-S-H Plastics,

Inc., he has used the designation “K-11 lens by K-S-H” [R. 815, lines 21-25]. In order to obtain a prismatic panel from a particular manufacturer, Mr. Simmons uses, and believes that it is necessary to use, the actual name of the manufacturer, such as K-S-H or Halophane, etc. [R. 815-817].

While on the witness stand, the court proposed a hypothetical situation for Mr. Simmons. In this situation, Mr. Simmons was asked if his specification had called for a K-4 lens and the fixture supplied incorporated a C-65 lens, what would Mr. Simmons do? Mr. Simmons stated that, assuming that the C-65 lens was photometrically the same as the K-4 lens, he would approve the substitution without questioning the source or origin of the lens [R. 837-838].

Of the remaining two electrical engineers called as witnesses during trial, Mr. J. S. Hamel was not an actual “buyer” since he had never ordered plastic prismatic panels by “K-numbers” alone [R. 513-514]. In fact, while Mr. Hamel had written specifications calling for prismatic panels, he stated that he always used the “name of the manufacturer along with any catalog number or any designation” to specify such panels. Specifically he would order using the following phrase, “K-S-H K-4” [R. 527, lines 12-18].

Supported by the foregoing testimony and evidence the Court further found:

Plaintiff has not established a secondary meaning to the terms K-4, K-5, K-11 and K-12 [Finding of Fact 11, Vol. I, R. 19].

Plaintiff has failed to establish that any party using “K-numbers” alone in ordering or specifying defendant’s

fixtures with prismatic lighting panels was specifically seeking to purchase the lighting panels of plaintiff, or that any such purchaser who was supplied with panels manufactured by a party other than plaintiff was deceived, palmed-off on, or otherwise failed to obtain what was intended to be purchased [Finding of Fact 12, Vol. I, R. 19-20].

C. The Lincoln Hospital Job.

The Lincoln Hospital job is the only instance wherein plaintiff was able to prove that Sunbeam substituted the products of another where K-S-H products were specified by the electrical engineer or architect [Finding of Fact 14, Vol. I, R. 20]. On this job, Sunbeam originally received specifications calling for a certain number of prismatic lighting panels by the designation "K-S-H K-4" [R. 582, lines 2-11]. In accordance with its standard practices, Sunbeam supplied lighting fixtures incorporating plastic prismatic panels manufactured by plaintiff [R. 589, line 24, to 590, line 3]. At the job site, unbeknownst to Sunbeam, a third party, or parties, caused damage to 305 of the K-S-H panels supplied. Accordingly, some six to seven months after the original purchase order was placed and at a time when Sunbeam personnel believed the job completed, Sunbeam received a purchase order for the Lincoln Hospital job entitled "Change Order" [R. 621-623; Plf. Ex. 146]. This change order requested 305 prismatic lighting panels by the *designation K-4 alone*, without any reference to K-S-H or K-LITE. In compliance with Sunbeam's standard procedure, Sunbeam's employees processed the order as if only the lens configuration or pattern indicated by K-4 was required and, accordingly, since Sunbeam was supplying

the prismatic panels at its cost, supplied panels manufactured by defendant, Carolite. *This "substitution" was not made for the purpose or with the intent of "palming off" Carolite's goods for those of plaintiff, but resulted from Sunbeam's failure to refer back to the original specification requiring K-S-H panels in filling the replacement order* [Finding of Fact 14, Vol. I, R. 20].

Questions Involved.

Whether the primary significance of the designations K-4, K-5, K-11 and K-12 to purchasers and prospective purchasers of prismatic lighting panels and those in the lighting industry is to designate the pattern configuration of such panels or to designate a panel specifically manufactured by K-S-H Plastics, Inc.

Whether specifications or orders calling for Sunbeam's fixtures, and "K-numbered" panels to be furnished therewith, require that plaintiff's products be supplied in the absence of any K-S-H or K-LITE designation used in conjunction with such "K-numbers."

ARGUMENT.

A. Summary.

In summary, argument for defendant-appellee, Sunbeam, involves primarily a single issue, that issue being:

Whether a duty to furnish a panel from a single source is imposed on Sunbeam when Sunbeam receives an order or specification identifying the panel to be used as a component in the fixture manufactured by Sunbeam by the alphanumeric designations K-4, K-5, K-11 or K-12 alone and apart from KSH or K-LITE.

The lower Court correctly answered "no."

It is Sunbeam's position that the significance of the alphanumeric designations K-4, K-5, K-11 and K-12 is not such as to warrant the imposition of such a duty. Such designations were used by plaintiff primarily as catalog numbers or pattern designations. They are so understood, regarded and used by Sunbeam, its competitors, and others in the trade as well as by ultimate buyers throughout the industry without regard to source or origin. Such alphanumeric designations have not then risen to such a level of exclusivity or protectability, as to impose upon Sunbeam and others, who understand and recognize them as pattern or part designations, an obligation to buy such panels from plaintiff only.

The lower Court's Finding of Fact Nos. 9, 10, 11 and 12, which are in accord with the above as to the significance, function, effect and duty imposed by the use of plaintiff's designations K-4, K-5, K-11 and K-12, are challenged by plaintiff as erroneous. Such Findings of Fact are amply supported by the evidence and

testimony adduced at trial. It is Sunbeam's position that such Findings of Fact are correct and well founded upon such evidence and testimony and should therefore not be disturbed on appeal.

Sunbeam urges that it is the function, effect and impact of catalog numbers, pattern designations, grade marks and like shorthand descriptions of products, to solely, or at least primarily, indicate a part, model, style, type or pattern of a product. Further, the logical fact that skilled and knowledgeable persons in a particular industry recognize the various catalog designations and part numbers employed by the various manufacturers within a given industry does not elevate such shorthand descriptions to levels of protectability.

Plaintiff would have the Court accept the erroneous proposition that merely because an alphanumeric part designation or catalog number might be incidentally understood as an indication of source or origin, such incidental understanding is sufficient to meet the well established use criteria for acquisition of trademarks. Contrary to plaintiff's contention, the legal mandate is clear—the designations must be indicative solely or at least primarily of source or origin to acquire the status of a technical trademark or a non-technical trademark by reason of secondary meaning. As the lower Court so concluded, and the supporting facts and following authorities amply demonstrate, the symbols K-4, K-5, K-11 or K-12 cannot be trademarks.

Accordingly, the lower Court properly found the significance of plaintiff's designations to be less than that required to impose on Sunbeam the duty urged by plaintiff. This conclusion is particularly sound in

view of the finding that plaintiff has failed to establish that any party using “K-numbers” alone in ordering or specifying defendant’s fixtures with prismatic lighting panels was specifically seeking to purchase the lighting panels of plaintiff, or that any such purchaser who was supplied with panels manufactured by a party other than plaintiff was deceived, palmed-off on, or otherwise failed to obtain what was intended to be purchased [Finding of Fact 12, Vol. 1, R. 19-20].

Thus, it is Sunbeam’s contention herein that the lower Court should be sustained in its ultimate conclusion that Sunbeam has not been guilty of “palming-off” products manufactured by others than plaintiff in response to orders or specifications calling for the pattern designators K-4, K-5, K-11 or K-12 alone.

B. The Mere Use of the Pattern Designations K-4, K-5, K-11 or K-12 in an Order or Specification Does Not Constitute a Specific Request for Plaintiff’s Products.

1. Elements of Palming-Off.

As indicated by the authorities cited in plaintiff’s appeal brief herein and the summary thereof set forth at page 40 of plaintiff’s brief, the applicable decisional law discloses that to prove “palming-off”, plaintiff must show that:

1. Goods manufactured by plaintiff were requested;
2. Goods manufactured by another were substituted by the defendant; and,

3. The customer was deceived in that, without prior approval or authorization, the customer received that which he did not request.

There are involved in the instant case but two methods whereby Sunbeam has received requests for plastic prismatic lighting panels:

1. That situation where either of the admitted trademarks KSH or K-LITE are used in conjunction with either K-4, K-5, K-11 or K-12 in a specification or order received by Sunbeam; and,

2. That situation wherein prismatic lighting panels are specified or ordered by either K-4, K-5, K-11 or K-12 alone without any reference to either the complete name of the plaintiff or its trademarks, KSH or K-LITE.

Since such is its normal practice, Sunbeam has not controverted the lower Courts' injunctive order that Sunbeam must supply plaintiff's products upon receipt of a request for lighting panels designated by a "K-number" *in conjunction with the terms* K-S-H or K-LITE unless prior approval for substitution is obtained.

Sunbeam has admitted that, upon receiving requests for lighting panels designated by the alphanumeric designations K-4, K-5, K-11 and K-12 *alone*, it has complied with such requests by supplying, on occasion, lighting panels manufactured by other than plaintiff. Therefore, the instant case is concerned only with the first and third elements as set forth above, *i.e.*,

a. Has the consumer specifically requested plaintiff's products when submitting an order or specification calling for plastic prismatic panels designated K-4, K-5, K-11 or K-12 alone? and

b. If, pursuant to such request, the consumer receives a prismatic lighting panel of the same pattern configuration as requested but not manufactured by plaintiff, has such consumer been deceived because he did not receive that which he requested?

2. The Designation K-4, K-5, K-11 or K-12 Must Be Either a Technical Trademark or Must Have Acquired a Secondary Meaning in Order to Amount to a Specific Request for Plaintiff's Products.

Contrary to plaintiff's statement at p. 41 of its brief, the clear mandate of this Court is that in order to establish the fraudulent practice of "palming-off" in the above circumstances, it is *necessary* to establish: (1) that the name or symbol given by plaintiff to the injured product is either a technical trademark, or has acquired a secondary meaning sufficient to raise such name or symbol to the level of a nontechnical trademark; and, (2) that another product is intended to be "palmed-off" on a deceived customer.

Ross-Whitney Corporation, et al. v. Smith, Klein and French Laboratories, 207 F. 2d 190 (9th Cir. 1953);

Pacific Contact Laboratories Inc. v. Solex Laboratories, Inc., 209 F. 2d 529 (9th Cir. 1953);
and

Chun King Sales v. Oriental Fruits, 136 F. Supp. 659 (S.D. Cal. 1955), mod'd, 244 F. 2d 909 (9th Cir. 1957). See also,

Lucien Lelong, Inc. v. Lander Co., 164 F. 2d 395 (2d Cir. 1947).

(a) The Pattern Designations K-4, K-5, K-11 and K-12 Are Not Technical Trademarks Since They Are Not Used Solely or Even Primarily for the Purpose of Indicating Origin.

(1) The Alphanumeric Designations Have Not Been Used by Plaintiff or the Trade to Indicate Origin but Merely to Indicate the Characteristics, i.e., Patterns, of the Various Panels in Their Line.

Each and every word which a business uses in conjunction with its products does not have trademark or trade name significance. Many of the marks employed in business are employed for other reasons. For example, numbers and alphanumeric designations are often used to indicate characteristics of the article, size, grade, or pattern as contrasted with the origin or source. When used in such a sense there is no intention to adopt such designation as a trademark.

Sunbeam does not quarrel with plaintiff's contentions that a trade symbol or trademark may serve a dual function. However, *the determining factor as to whether such symbol rises to the trademark level is, (whether that trademark be technical or nontechnical) the primary significance or use of the symbol.* The mere fact that a particular symbol may to some persons be incidentally indicative of source is not suffi-

cient to establish either technical or nontechnical trademark rights. If the symbol is viewed as a possible technical trademark, the question of its status turns on how the mark or symbol is used and the intent with which it is used, and specifically whether such mark or symbol is used, and intended to be *used, primarily as an indicator of source or origin* as opposed to an indicator of some other qualitative or descriptive aspect of the product. If the question concerns the status of the symbol as a possible nontechnical trademark, or symbol having acquired a "secondary meaning", the specific question involved is the *primary* significance or meaning acquired by the symbol in the minds of the particular consumer concerned.

A technical trademark may be defined as a word, device or symbol lawfully appropriated by a manufacturer or trader to distinguish his specific products, the *primary purpose* of which is to indicate the origin of his goods and *not* to distinguish a particular grade, style or size of the manufacturer's products. *Mishawaka Rubber and Woolen Mfg. Co. v. S. S. Kresge Co.*, 119 F. 2d 316 (6th Cir. 1941).

It is, of course, well settled that the basic criterion for testing acquisition of any trademark is whether or not such symbol has been appropriated and used as a trademark. Further, *The Trademark Cases*, 101 U.S. 82, 94 (1879) clearly established that the ultimately controlling factor is the *character and extent* of the use of the symbol as a trademark.

As set forth in 3 Callman, *Unfair Competition and Trademarks*, Section 76.2 (d), p. 1190, the use required to raise a trade symbol to trademark status "must carry

with it an *intention* to adopt the mark as a trademark . . .” and further, at page 1187, “Where one mark is used only as an accessory to another, there can be no trademark use.” The intention not to employ the trade symbol or designation as a trademark is enhanced by the regular use of such designation with the house mark. *E.g., General Controls Company v. Hi-G., Inc.*, 212 F. Supp. 152 (D. Conn. 1962). Accord: *In re Walker Process Equipment, Inc.*, 233 F. 2d 329 (CCPA, 1956).

Turning specifically to the status of alphanumerics as technical trademarks, it is stated at 3 Callman *Unfair Competition and Trademarks*, Section 73.1, p. 1137 that,

“Numerals and letters are valid trademarks if they are entirely fanciful and arbitrary, if they have no connection with the article or any of its features or if they are designed *solely* or at least *primarily* to indicate origin. *They are not valid trademarks, however, if . . . they describe or refer to the article or any of its characteristics or if they are not used solely for the purpose of indicating origin.*” (Emphasis supplied).

The character of use required in the acquisition of a technical trademark is set out in the leading and oft cited case of *Amoskeag Mfg. Co. v. Trainer*, 101 U.S. 51, 25 L. Ed. 993 (1879), which case is particularly relevant to the instant case. In that case, the question was presented as to whether the letters “A.C.A.” constituted a valid technical trademark. In reaching the

conclusion that such letters did not constitute a technical trademark, the court stated at page 55:

“... letters or figures which, by the custom of traders or the declaration of the manufacturer of the goods to which they are attached, are only used to denote quality, are incapable of exclusive appropriation;...”

While also citing the *Amoskeag* case, *supra*, in the case of *In re Union Oil Company of California*, 88 F. 2d 492, 493-494 (CCPA 1937), the court, in affirming the decision of the Commissioner of Patents refusing registration to the numerals “76”, (although such mark was many years later granted registration by reason of trademark use and secondary meaning) reviewed other primary authorities relevant to the question of the trademark status of alphanumeric designators. The court stated:

“Many years ago in discussing the question of trademarks, the Supreme Court announced, in *Delaware and H. Canal Co. v. Clark*, 13 Wall. 311, 322, 20 L.Ed. 581, that the office of a trademark was to point out distinctively the origin, or ownership of the article to which it is affixed; or, in other words, to give notice who is the producer, adding, ‘This may, in many cases, be done by a name, a mark, or a device well known, but not previously applied to the same article,’ In the same case, the Supreme Court said that, ‘No one can claim protection for the exclusive use of a trademark or trade name which would practically give him a monopoly in the sale of any goods other than those produced or made by himself,’ and, ‘nor can a

generic name, or a name merely descriptive of an article of trade, of its qualities, ingredients, or characteristics, be employed as a trademark . . .’

“In the same case, the following quotation is directly in point here: *‘He has no right to appropriate a sign or a symbol, which, from the nature of the fact it is used to signify, others may employ with equal truth, and therefore have an equal right to employ for the same purpose.’*” (Emphasis supplied.)

The court continued citing the case of *William H. Keller, Inc. v. Chicago Pneumatic Tool Co.*, 298 Fed. 52, 59 (CCA), which case involved the marks “50”, “60”, “80”, and “90” used to distinguish various of its pneumatic tools. In that case the court, in discussing these marks, said, in part:

“Respecting appellee’s trademarks . . . we agree with the District Judge, who found upon the evidence presented that they were invalid . . . There can be no question but what a number may become a good trademark, *if its primary adoption be solely to indicate origin.*” (Emphasis supplied).

Concluding, the court in *In re Union Oil Company of California, supra*, reiterated a most appropriate observation that caution be observed in “holding letters or numerals to be valid trademarks because of their liability to use as grade or quality marks, which should be open to the use of the world.”

In the instant case, the alphanumeric designations of K-S-H were initially employed in their catalogues as a shorthand way of describing a particular lighting panel lens pattern. For example, the first K-S-H

catalogue [Plf. Ex. 5] shows a pattern and adjacent the pattern is a panel description starting with the expression "Type K-2 K-LITE", followed by a description in detail of the panel. The other pages of plaintiff's catalogue are substantially identical referring to "Type K-4 K-LITE", "Type K-5 K-LITE", etc. On each and every page of this first catalogue the word "K-LITE" is prominently displayed with an ® adjacent to it and the word "K-S-H" also appears thereon. Plaintiff has stated that it has a policy of registering its trademarks yet to the date of trial it had not registered any of its "K-numbers".¹ This usage of "K-numbers" as pattern designators has in substance continued in plaintiff's current catalogue [Plf. Ex. 4]. One of the first brochures that appears in their catalogue is a publication entitled "K-S-H K-LITE precision plastic lighting panels" which contains a page showing the various K-LITE lighting panels. Beside each of the various patterns, there is located the number employed to describe the pattern, each followed by a detailed description of what the particular number stands for. This alphanumeric pattern description is carried out by K-S-H throughout its advertising. For example, typical sentences from one of the K-S-H ads is as follows: "The *K-12 pattern* is as simple and basic as the K-5 but the prisms are square on a diagonal axis" (Emphasis added) and "specify K-LITE" [Plf. Ex. 11].

¹The attempted registration referred to in the footnote at page 19 of plaintiff's brief which was precluded in the trial indicates that not only were such applications for registration filed after the subject lawsuits [R. 120-122] but that registration was initially refused by the Patent Office on the basis that such marks were mere model designations. They were subsequently published for opposition after *ex parte* proceedings in the Patent Office and such opposition proceedings are now pending.

Plaintiff has never advertised its products under “K-numbers” alone [R. 198]. As may be noted by plaintiff’s Exhibits 4 through 22, all of its advertising and promotional material including catalogues feature the name or trademark K-S-H or K-LITE, with the “K-numbers” serving as an adjunct to identify particular patterns [Def. Exs. V, W]. In other advertisements, specification writers are advised to employ the trademark K-LITE. For example, Exhibit 19 is a typical advertisement directed to architects which states: “Go ahead and specify K-LITE panels” [R. 199, 219-220]. Sunbeam asks that if the “K-numbers” alone mean the source or origin, *i.e.*, K-S-H, why has plaintiff conducted an expensive advertising campaign to educate specification writers to use K-S-H or K-LITE? The answer is painfully obvious. Plaintiff has not used them as an indication of source, but has relied solely on its name and registered trademarks to identify the maker of the goods. To emphasize this conclusion, Mr. Stallhut, president of plaintiff, responded to the question “Has the plaintiff ever used a K-number alone to indicate K-S-H Plastics?”, by stating, “Not to my knowledge.” [R. 215, lines 4-6].

Not only does this descriptive usage carry throughout all of the K-S-H advertising, but it also appears in the manner in which plaintiff marks the boxes containing its lighting panels. The registered trademarks “K-LITE” and “K-S-H-” appear on the boxes in a prominent and largely printed format. The alphanumeric designation appears on the side of the boxes, written in ink or hand stamped, as part of the description of the contents within the boxes. This is the only place that the alphanumeric designations appear in associa-

tion with the product, whereas the word “K-LITE”, in very small and in an imperceptible manner, is placed on the product itself [Plf. Ex. 182; R 1145].

The trade has not used K-4, K-5, K-11 and K-12 or comparable alphanumeric designations of other panel manufacturers to identify or be indicative of the source or origin of such lighting panels, but rather to identify a characteristic, *i.e.*, the lens pattern, of such panel from whatever source.

Sunbeam does not deny the fact that there is direct testimony in the record to the effect that “K-numbers” alone have been incidentally associated with a product of the plaintiff, at least in the sense that there is some recognition that K-S-H manufactures such patterns under such designations. However, the record is replete with direct testimony or admissions demonstrating the generic or descriptive significance of the “K-numbers” and their general use as a pattern designation throughout the industry, irrespective of source.

Two recent cases which pointedly set forth the principles relating to such use as style or pattern numbers are:

In re Waldes Kohinoor Inc., 124 USPQ 471
(POTT & App’s Bd. 1960), and,

Ex parte The Esterbrook Pen Co., 109 USPQ
368 (Com Pat 1966).

In the *Kohinoor* case, the court decided that the numerals 5000, 5131 and 5100 used by Kohinoor to

refer to various tools were not trademarks or subject to trademark protection. These numerals were refused registration on the grounds that the numerals were merely a type or series designation used to differentiate one type of applicant's products from another one of his products. In the *Esterbrook* case, the numerals 2668 employed to designate different pen points were refused registration for the same reason, that is, they merely functioned as type designations or catalog numbers. In reaching this conclusion, the court stated:

“Style numbers used as such and recognized as such are not registerable . . . Applicant uses ‘2668’ as a style number and advertises it as a style number; and in the light of all the evidence submitted, it may be concluded that it is recognized and used by *purchasers—both dealers and the public*—as a style identification of one of applicant's Esterbrook pen points. The number 2668 does not, on the record here, appear to be used as or perform the function of a trademark. It is therefore unregistrable.” (Emphasis supplied).

In Sunbeam's statement of the case at pages 8 to 24 there is set out in considerable detail the testimony and evidence relative to such use and performance.

Such testimony and evidence was adduced from three groups of witnesses, namely: (1) Electrical Engineers and Specifiers who are the ultimate purchasers; (2) Fixture manufacturers who are competitors of Sunbeam and purchasers from the panel manufacturers and sellers of the assembled fixtures to the Electrical En-

gineers; and (3) the panel manufacturers. That testimony can be briefly summarized as follows:

(2) The Electrical Engineers Testified That K-Numbers Alone in Specifications Are Solely Pattern Descriptions.

While the testimony from electrical engineers was presumably intended to provide this court with the statements of four actual buyers, only defendant's witnesses, Messrs. Root and Simmons, testified that they actually used "K-numbers" alone in purchasing prismatic panels. Thus, only *Root* (*supra*, p. 19) and *Simmons* (*supra*, p. 22) testified as actual buyers while plaintiff's witness, Mr. Hamel, testified that he did not use "K-Numbers" alone (*supra*, p. 23) and plaintiff's witness, Mr. Cooper, failed to testify on this point.

Mr. Root testified that "K-numbers" alone are recognized and used solely as descriptions of panel configurations. He has ordered panels by reference to the "K-numbered" pattern and when he has received a panel other than plaintiff's, having the desired pattern, he got what he wanted. Mr. Simmons similarly testified that "K-numbers" alone describe panel configurations only.

It should be noted that the engineer to whom plaintiff gives special attention at p. 29 of his brief, *i.e.*, Mr. Robert E. Kohnen, as to whom "K-4" indicates a "K-S-H acrylic lens" is the engineer involved in the specifications in the Lincoln Hospital Job which called for "*K-4 by K-S-H*". [Plf. Ex. 154, Plf. Ex. 116, Kohnen Depo. p. 9, lines 8-16]. This is the only instance proved at trial of substitution by Sunbeam of

another's panel when the order specified a *K-number in conjunction with K-S-H or K-LITE*.

It is clear that as actual purchasers of panels by "K-numbers" alone, the testimony of Defendant's witnesses, Root and Simmons, is entitled to great weight in determining the meaning of "K-numbers". It is submitted that *their actual use of "K-numbers" alone to describe panel configurations only in written lighting fixture specifications*, is most persuasive on the issue of the trademark status of the "K-number" designators.

(3) Fixture Manufacturers Testified That K-Numbers Alone Were Recognized as Pattern Configurations.

The testimony presents statements from eight independent manufacturers who are all direct competitors of defendant Sunbeam and thus representative of a major portion of the lighting fixture industry. Of the eight fixture manufacturers, six manufacturers actually purchase and obtain their plastic prismatic lighting panels from a number of different lens manufacturers including K-S-H, Carolite and Sheffield Plastics. These six manufacturers all testified that they recognize and commonly use "K-numbers" alone as pattern configurations only, in their day-to-day operations. Specifically, each of these manufacturers testified that they receive written specifications embodying "K-numbers" alone which they regard as describing pattern configurations only and not as specifying goods from a single manufacturer; they use "K-numbers" alone in their internal operations, *i.e.*, on consumer reports and work-sheets to describe pattern configurations only and in

their sales catalogs; they use “K-numbers” alone in purchase orders directed to lens manufacturers for the purpose of describing the pattern configuration desired; and lastly, many of the fixture manufacturers testified that they call upon and meet with electrical engineers with whom they discuss plastic prismatic panels and during such discussions actually use “K-numbers” alone to describe pattern configurations (*supra*, pp. 9-18).

The remaining two fixture manufacturers, who purchase plastic prismatic panels from plaintiff only, ascribed through their direct and cross-examination a dual roll for “K-numbers” as both describing a prismatic panel configuration, or pattern, and as indicating K-S-H. Further, it should be noted that plaintiff’s counsel, Mr. Ooms, currently, and in the past, has served as the attorney for both of these fixture manufacturers.

The above testimony from the independent fixture manufacturers, who are the purchasers/sellers of the specified panels and the users of “K-numbers” in day-to-day operations, overwhelmingly indicates that “K-numbers” are used almost exclusively in the trade as shorthand descriptions of pattern configurations only. *There is no testimony from any of the fixture manufacturers that “K-Numbers” alone solely or even primarily indicate a product from K-H-S Plastics. The primary significance of “K-numbers” to this group, as shown by their actions and not by mere opinion, is clearly one of pattern description.*

(4) Other Panel Manufacturers Testified to the Commonness of Alphanumeric Designations of Patterns.

The testimony of plaintiff's direct competitors, Sheffield Plastics Inc. and Carolite, Inc. indicates that these companies which manufacture plastic prismatic panels having similar pattern configurations to plaintiff's use designations such as "C-numbers" and "SL-numbers" as mere descriptions of various pattern configurations. Both of these companies feel that it is necessary to use their company name, *i.e.*, Sheffield or Carolite, in connection with their pattern designations in order to identify the source of the goods to potential purchasers and users thereof (*supra*, p. 8).

It is submitted that this testimony from plaintiff's competitors showing that they use designations analogous to the "K-numbers" as pattern configurations is persuasive of the fact that "K-numbers" alone are recognized in the industry as pattern configurations only and that the designation K-S-H or K-LITE must be used in association with the pattern description in order to indicate KSH Plastics as the source of the product.

B. If Other Than a Mere Catalog or Model Designation, the K-Number Designations Are Descriptive of a Pattern and Have Not Acquired a Non-Technical Trademark Status.

1. The Designations K-4, K-5, K-11 and K-12 Are Descriptive to the Buyer

Turning to the question of the descriptiveness of the "K-numbers" in issue, whether or not a given symbol is descriptive at the time of its adoption depends upon

what the actual purchaser understands the symbol to mean when the symbol was adopted. This determination is a question of fact. *Blisscraft of Hollywood v. United Plastics Co.*, 294 F. 2d 694, 699 (2nd Circuit 1961). In that case, the primary question involved was whether or not the term "Poly Pitcher" was a trademark. While finding the term "Poly Pitcher" nondescriptive, the Court applied this test:

"In determining whether a claimed trademark is descriptive at the time of its adoption, *its meaning to a nonpurchasing segment of the population is not important*. The critical question is whether the mark is descriptive to the prospective purchasers of the article . . . *so that in testing the initial validity of a common law trademark the critical question is what the expression meant to the purchasing public.*" (Emphasis supplied).

In the instant case, application of the same test for descriptiveness should lead to the conclusion that the pattern designations K-4, K-5, K-11 and K-12 are descriptive and therefore cannot be valid technical trademarks on this additional basis. Whereas in the *Blisscraft* case, the "purchasing public" or "prospective purchasers" were unsophisticated members of the public at large, in this case it has been amply demonstrated that the actual purchaser is the highly sophisticated and technical trade oriented fixture manufacturer, electrical engineer or architect. Clearly, the owner of the building for which the lighting fixtures are to be purchased cannot be called the ultimate consumer. It is only the specifier, the electrical engineer or architect, and the fixture manufacturer who complies with specifications, who are concerned with the terms or designations em-

ployed to specify the particular qualities of lighting panels installed in the lighting fixtures supplied. All promotional and advertising material emanating from the manufacturers of lighting panels is directed to the fixture manufacturer and specifier. In the instant case, the specifying electrical engineers or architects and the fixture manufacturers are the relevant consumers or "purchasing public".

The evidence presented by the only specifiers who have ever used "K-numbers" alone in specifying fluorescent lighting fixtures clearly demonstrates that they used such "K-numbers" solely as a shorthand description of a particular panel lens pattern or configuration. The fixture manufacturers maintain that same shorthand usage. Even at the time of adoption, such alphanumeric designations would be descriptive to a person in the industry because of the manner of use by plaintiff and others in the industry. A letter and number in the complete abstract has no meaning. However, in this industry, where alphanumeric combinations had been previously used by plaintiff and others as style or pattern designators, they were, from the time of their adoption, mere shorthand descriptions of that pattern shown in the initial advertising and described by a long complex word description to which the alphanumeric combination was equated. The K-numbers were therefore, from the outset, equated to and descriptive of the pattern defined by the photo, actual panel or word description associated with them at the time of their adoption and introduction to the trade. Thus, it must be said that the designations K-4, K-5, K-11 or K-12 cannot be valid common law technical trademarks since, as understood by the "purchasing public", they are descriptive and are not solely or even primarily an indication of source.

2. K-4, K-5, K-11 and K-12 Have Not Acquired a Secondary Meaning in the Minds of the Particular Consumer Concerned Indicative of Source or Origin so as to Rise to the Level of a Non-Technical Trade-mark.

It is, of course, well settled that even alphanumeric symbols, under certain circumstances, may rise to the level of nontechnical trademarks if it is found that a "secondary meaning" has attached to such symbols. However, it is equally as well settled that whether or not a mark or symbol has acquired such "secondary meaning" is a question of fact in each case. The burden of proof required to establish such "secondary meaning" rests with the plaintiff. *Bentley v. Sunset House Distributing Corp.*, 359 F. 2d 140 (9th Cir. 1966); *General Radio Co. v. Superior Electric Co.*, 321 F. 2d 857 (3rd Cir. 1963), *cert. denied*, 376 U.S. 938, 11 L. Ed. 2d 659 (1964); *General Controls Co. v. Hi-G, Inc.*, *supra*; *Hot Shoppes, Inc. v. Hot Shoppe, Inc.*, 203 F. Supp. 777 (M.D.N.C. 1962); and *Jean Patou, Inc. v. Jacquelyn Cochran, Inc.*, 201 F. Supp. 861 (S.D. N.Y. 1962) affirmed, 312 F. 2d 125 (2nd Cir., 1963).

It is Sunbeam's contention that, even assuming *arguendo* that the symbols K-4, K-5, K-11 and K-12 could be said to be something other than grade marks, descriptive symbols or catalog numbers, not only has plaintiff failed in its burden of proof, but that Sunbeam has affirmatively succeeded, in showing that there is no secondary meaning of primarily indication of source.

In the instant case, the primary issue concerning the nontechnical trademark status of K-4, K-5, K-11 and K-12 is the quantum of proof that plaintiff should have

adduced in order to establish the required “secondary meaning”. The application of the doctrine of “secondary meaning” to names and designations, not in themselves technical trademarks, requires that the primary significance of the term in the minds of the particular consuming public concerned is not the product but the producer of the article and that purchasers are moved to buy the article because of its source. *E.g.*, *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 83 L. Ed. 73 (1938); *Bentley v. Sunset House Distributing Corp.*, *supra*; *General Radio Co. v. Superior Electric Co.*, *supra*; *Blisscraft of Hollywood v. United Plastics Co.*, *supra*; and *Lucien LeLong, Inc. v. Lander Co.*, *supra*.

It must be shown that the designation is a mark of distinction identifying a single source. The court has correctly found that there is no secondary meaning in the designations K-4, K-5, K-11 and K-12 [Finding of Fact 11, Vol. 1, R. 19].

The decision in the *Kellogg* case is most relevant to the instant case, both with respect to the facts and the points of law resolved by the Court. A primary issue before the Court was the significance of the term “Shredded Wheat”—whether it meant a particular type of food product or whether it was used by buyers to designate the product of a particular producer. This issue was raised by plaintiff’s claim to the exclusive right to use this trade symbol and by plaintiff’s charge that defendant, by using the name “Shredded Wheat” and the same shape of the article, was passing off, or enabling others to pass off, Kellogg goods for those of plaintiff. As in the present case, there was testimony before the Court that many people associated “Shredded Wheat”

with plaintiff. However, the Court held that such testimony was not determinative. At 83 L. Ed, pages 78-79, the Court stated:

“It is contended that the plaintiff has the exclusive right to the name ‘Shredded Wheat’, because those words acquired the ‘secondary meaning’ of shredded wheat made at Niagara Falls by the plaintiff’s predecessors. There is no basis here for applying the doctrine of secondary meaning. The evidence shows only that due to the long period in which the plaintiff or its predecessors was the only manufacturer of the product, many people have come to associate the product, and as a consequence the name by which the product is generally known, with the plaintiff’s factory at Niagara Falls. But to establish a tradename in the term ‘Shredded Wheat’ the *plaintiff must show more than a subordinate meaning* which applied to it. *It must show that the primary significance of the term in the minds of the consuming public is not the product but the producer.*” (Emphasis supplied).

The significance of this decision with respect to the facts set forth hereinbefore is of apparent impact. First, it establishes the law that mere testimony of association between the name and the producer is insufficient—even the testimony of “many people.” Thus, testimony here that a witness knows that “K-numbers” are used by K-S-H is insufficient. What is needed is a showing that the primary significance of the term in the minds of buyers when seeking the product is a particular source. Translated to the instant case, plaintiff must show that when ordering by “K-num-

bers” alone, the fixture manufacturers, architects and specification writers are seeking specifically a product of K-S-H and no other. As in *Kellogg*, plaintiff herein has rested its case on testimony which does not establish that the basic or primary meaning attributable to “K-numbers” among buyers is the source or origin of plaintiff’s products, but rather has rested its case on evidence tending to indicate, at most, an incidental recognition of the manufacturer among some witnesses who associate the “K-numbers” with K-S-H patterns because of their intimate knowledge of the local trade.

Again, the record is replete with direct testimony or admissions demonstrating the generic or descriptive significance of the “K-numbers” and their general use as pattern designations throughout the industry, irrespective of source.

In an effort to rebut such testimony plaintiff has relied on the testimony of its officers, agents and purely theoretical purchasers, *i.e.*, those who do not utilize “K-numbers” alone in ordering or specifying prismatic panels, to the effect that “K-numers” designate K-S-H. At best, such testimony indicates that a few isolated non-purchasing individuals attribute a dual significance to “K-numbers”. Not a single witness has testified that “K-numbers” are primarily indicative of source or origin. The testimony of Mr. Teague of Sheffield Plastics is most noteworthy. While declaring that the “K-numbers” mean K-S-H to him, he adds that it is his company’s practice to always use the pattern designation “SL-numbers” in conjunction with the name “Sheffield” so that purchasers would know who manufactured its panels [R. 247, lines 4-21]. Most

importantly, as set forth in the preceding section, the testimony of plaintiff's officers is completely refuted by their demonstrated use and intent to use the "K-numbers" as pattern designations only. Such evidence as has been adduced by plaintiff clearly cannot sustain the burden of proof by a mere showing of a dual role for the "K-numbers" or by showing that some parties in the industry, not actual purchasers, associate the "K-numbers" with plaintiff. Again, the legal mandate is clear—it is the primary significance of the symbol utilized in the minds of actual purchasers that is used to determine whether or not secondary meaning is to attach to the symbol. Viewed in this light, plaintiff has acquired no non-technical trademark rights in the symbols K-4, K-5, K-11 and K-12.

Additionally, under both California and Federal law as particularly stated by this Court, the establishment of a "secondary meaning" for a non-technical trademark in an unfair competition action requires not only a showing that the primary significance of the term, symbol, device or feature at issue among actual purchasers is the source or origin of the goods, as heretofore discussed, but in addition plaintiff must establish:

- a. That the symbol is distinctive and not used by others so that it signifies to purchasers only a single source or producer; and,
- b. That purchasers are moved to buy the article because of the source so that in using the symbol they are asking for a product of a particular company.

In the recent decision in *Bentley v. Sunset House Distributing Corp.*, *supra*, this Court stated:

“We think the evidence also insufficient under the secondary meaning doctrine. To show that some secondary meaning existed, it was necessary for Bentley to establish that the public at least has become accustomed to regard its . . . [product] as emanating, if not from it by name, at least from a single, though anonymous maker . . . [citations omitted]. This he has not done. *Nor has he proved another necessary element, that the public bought Sunset House’s competing molds because they supposedly emanated directly or indirectly from Bentley. Hygenic Specialties Co. v. H. G. Salsman, Inc.*, 2nd Circuit, 1962, 302 F. 2d 614, 620. The District Court properly held that unfair competition had not been proved. [Citations omitted]”. (Emphasis supplied).

Accord:

Blisscraft of Hollywood v. United Plastics, Co., supra.

In this connection, plaintiff, at page 41 of its brief herein, has cited the case of *Coca Cola Co. v. Boas*, 27 F. 2d 756 (D. Idaho 1928), as rejecting the defense that defendant’s (Boas) customers were not calling for Coca Cola “. . . ‘Coke’ was not a trademark at that time.” It is to be noted that the actual basis of the court’s conclusion in that case was the finding that:

“ . . . the word ‘Coke’ has become, and was known to the defendant and the purchasing public to be, a *secondary meaning* of plaintiff’s trademark, ‘Coca-Cola’, and *indicating its product alone.*” (p. 757) (Emphasis supplied.)

Such a finding is entirely consistent with Sunbeam's position herein, *i.e.*, unless the sole or primary significance of the designations K-4, K-5, K-11 and K-12 is one of indicating source or origin, no duty is imposed on Sunbeam to supply plaintiff's products exclusively when ordered by "K-numbers" alone.

Thus, the significance of "K-numbers" as established by the direct testimony of the actual purchasers, together with the evidence of the usages in the trade of alphanumeric designations, is of primary value in determining the instant case. The evidence adduced at trial precludes a finding of "secondary meaning" for the "K-numbers" alone. This for the reason that, as set forth above, secondary meaning requires association with a single, albeit anonymous, source. In the instant case the testimony has established that many others in the industry use alphanumeric product designators and some even use "K-numbers." Luminous Ceilings and Acme, for example, show "K-numbers" in their catalogs and in response to catalog orders for panels regularly furnish panels manufactured by others than plaintiff. The record shows that "K-numbers" are regularly and substantially used by these and other companies in the sale of products of third parties. Such usages also include "K-numbers" other than those that allegedly represent plaintiff's goods, such as K-6, K-QT23, and K-296. Moreover, fixture manufacturers other than Sunbeam use "K-numbers" in ordering lighting panels from lens manufacturers other than plaintiff.

Thus, Sunbeam submits that regardless of any testimony of plaintiff's individual witnesses to the effect that the "K-numbers" may incidentally indicate

K-S-H to them, the established uses of alphanumeric designators throughout the industry and the primary significance of “K-numbers” precludes the conclusion that plaintiff’s alphanumeric pattern designators signify to purchasers only a single source or producer as well as the conclusion that the purchasers utilize “K-numbers” because they expect products emanating directly or indirectly from plaintiff.

C. Plaintiff Has Failed to Establish That Any Party Using “K-numbers” Alone in Ordering or Specifying Defendant’s Fixtures With Prismatic Lighting Panels Was Specifically Seeking to Purchase the Lighting Panels of Plaintiff or That Any Such Purchaser Who Was Supplied With Panels Manufactured by a Party Other Than Plaintiff Was Deceived, Palmed Off on, or Otherwise Fail to Obtain What Was Intended to Be Purchased.

Sunbeam is not guilty of unfair competition by substituting without authorization lighting panels manufactured by others than plaintiff when the specification or purchase order designates the lighting panels to be supplied by a “K-number” alone and apart from K-S-H or K-LITE [Conclusion of Law 5, Vol. I, R. 21].

In order to sustain its claim of unfair competition, plaintiff must show that a purchaser in a “palming off” situation did not, in fact, get what he asked for. Plaintiff has, as demonstrated by its argument as set forth at pages 38-43 of its brief herein, consistently begged the primary question of the instant case, *e.g.*, in his analogy at page 42, plaintiff argues that it would be unfair competition to substitute when panels are specified as those “. . . made and sold by a particular manufac-

turer . . . and designated by a trade symbol K-4, K-5, K-11 or K-12.” (Emphasis supplied.) While this may be true where “K-numbers” are used in conjunction with K-S-H or K-LITE, in the instant case, in order to establish such claim, plaintiff must show that when a “K-number” *alone* was designated in a specification or order, the purchasers, the fixture manufacturer, the architects or engineers intended to receive panels from a specific or certain source, *i.e.*, from plaintiff. There is no “palming off” when a purchaser does not rely on the name or symbol used in order to obtain a product of a particular manufacturer, *e.g.*, *Bentley v. Sunset House Distributing Corp.*, *supra*; *Hygenics Specialties Co. v. H. G. Salzman, Inc.*, 302 F. 2d 614 (2nd Cir. 1962); *Sinko v. Snow-Craggs Corp.*, 105 F. 2d 450 (7th Cir. 1939); *Crescent Tool Co. v. Kilbourne and Bishop Co.*, 247 Fed. 299 (2nd Cir. 1917); *Stevens Linen Works v. William and John Dawn and Co.*, 127 Fed. 950 (2nd Cir. 1904); *Schmidt Manufacturing Co. v. Sherril Industries, Inc.*, 249 F. Supp. 480 (W.D.N.C. 1965).

In the leading California and Federal cases involving “palming off” through the use of a word, symbol or device, not a technical trademark, which symbol was alleged to have acquired “secondary meaning”, direct evidence of intentional “palming off” or *actual* customer deception has consistently been noted or relied upon in reaching a determination of plaintiff’s unfair competition claim. *E.g.*, *Winestock, Lubin and Co. v. Marks*, 109 Cal. 529 (1895); *Modesto Creamery v. Stainslaus Creamery Co.*, 168 Cal. 289 (1914); *Dodge Stationery Co. v. J. S. Dodge Co.*, 145 Cal. 380

(1904); *Banzhaf v. Chase*, 150 Cal. 180 (1907); *Italian Swiss Colony v. Italian Vineyard Co.*, 158 Cal. 252 (1910); *Family Record Plan v. Mitchell*, 172 Cal. App. 2d 235, 342 P. 2d 10 (2nd Dist. 1959); *Visser v. Macres*, 214 Cal. App. 2d 249, 29 Cal. Rptr. 367 (4th Dist. 1963); *Filon Plastics Corp. v. H. Koch and Sons*, 243 F. Supp. 636 (N.D. Cal. 1965). In summary, the California law demonstrates that the decisions in favor of the plaintiff in cases involving alleged “palming off” through the use of a word, symbol or device require a much greater quantum of proof of actual customer deception than trademark infringement actions. This proof, as shown by the record and findings of the California courts in these leading cases, includes at least some evidence of actual deception in all instances, or clear intent to defraud buyers, as made apparent by copying. Sunbeam has found no case of unfair competition holding for plaintiff under California law where evidence of deception from purchasers was either non-existent or, as in the instant case, affirmatively demonstrated that they were not deceived or “palmed off” on.

The alleged “palming off” by Sunbeam which constitutes the gist of the unfair competition claim asserted in this action is predicated on the theory that Sunbeam has supplied to purchasers prismatic panels other than those which the buyer has sought or requested. Sunbeam urges that great weight should be given to the only direct and significant evidence produced; that is, the testimony of the actual purchasers who ordered by “K-numbers” alone as to whether or not they have been deceived or were the unwary victim of any “palming off.”

Concerning the question of the sufficiency of plaintiff’s proof of any deception, “palming off,” or even

likelihood of deception or confusion, it is Sunbeam's contention that where specialized purchasers are involved, as in the instant case, plaintiff must base its proof as to "palming off" on those particular purchasers. *E.g.*, *Fram Corp. v. Boyd*, 230 F. 2d 931 (5th Cir. 1956); *Pyle National Co. v. Oliver Electric Manufacturing Co.*, 281 Fed. 632 (8th Cir. 1922), *cert. denied*, 260 U.S. 736, 67 L. Ed. 488 (1922); *PIC Design Corp. v. Sterling Precision Corp.*, 231 F. Supp. 106 (SDNY 1964).

While the previously cited California cases dealt for the most part with consumer goods which were casually purchased by housewives and the like, *i.e.*, people who are most easily subject to deception, the present case concerns technical purchasers, *i.e.*, fixture manufacturers, engineers and architects who are most familiar with the goods and their sources, as well as the proper and most convenient technical terminology for ordering such goods. Sunbeam submits that there is a substantial difference. The technical purchaser is far less likely to be deceived. He is an expert in the field and less vulnerable to deception than the casual purchaser of bread, for example. Moreover, his need for the protection of the Court to prevent "palming off" on him is more remote.

Even in cases involving nontechnical buyers, the California courts have shown a strong tendency to hold for the plaintiff only on a showing of actual deception or palming off. Where no actual deception or "palming off" is shown and, as in the instant case, the purchasers involved are technically oriented personnel intimate with a highly specialized field, we urge that a holding in favor of plaintiff would not be warranted. Certainly,

if some evidence of actual purchaser deception is requisite to establish the case of unfair competition where the subject matter is casually bought, at least as high, and logically a higher order of proof, should be required where technical purchasers are involved.

In the instant case, testimony of the purchasers, lighting fixture manufacturers and electrical engineers who order and specify by "K-numbers" alone, was available to plaintiff but no such allegedly deceived buyers were produced by plaintiff. Prior to the time that this action was brought against Sunbeam, plaintiff obtained, by discovery, the Sunbeam files of approximately a dozen jobs on which panels were specified by "K-numbers" alone or by "K-numbers" plus K-S-H. The architects and specification writers on these jobs were known to plaintiff.

Immediately following the institution of this action against Sunbeam, plaintiff filed its motion for a preliminary injunction relying on four of these jobs—the Lincoln Hospital job, plus—three others on which the architects or specification writers were: Mr. H. Thomas Wilson, the Charter Oaks Presbyterian Church job; Mr. Leo Press of the Los Angeles Trade Technical College job; and Mr. Boris Z. Boris on the Ronson Hydraulic job. On the motion for preliminary injunction, plaintiff asserted that each of these parties was the victim of Sunbeam's palming off, and affidavits of Mr. Press and Mr. Wilson were presented to establish actual purchaser confusion. According to plaintiff, these were exemplary cases on which plaintiff intended to rely at the trial.

At the trial of this action, plaintiff failed to call any of these three actual purchasers, Mr. Wilson, Mr. Press

or Mr. Boris, despite the fact that they were all within the subpoena jurisdiction of the Court. Instead, plaintiff called only theoretical purchasers—experts who had apparently never ordered or specified by “K-numbers” alone.

Sunbeam submits that plaintiff’s failure to call any of these specification writers is highly significant. Plaintiff previously recognized the absolute necessity for some testimony along this line as evidenced by its efforts to establish actual “palming off” in its preliminary injunction motions. However, the Court will no doubt recognize that these are not the kind of people who will say that they have been deceived or “palmed off” on when such is not the case—they are not amenable witnesses to ready suggestion but are, as a group, highly independent in their views. Clearly, plaintiff could not get any fixture manufacturer, electrical engineer or architect who had specified by “K-number” to state that he meant by that specification a K-S-H product, and was therefore the victim of “palming off” when products other than those manufactured by plaintiff were supplied by Sunbeam. Clearly, plaintiff determined that it must rely on mere likelihood of “palming off” for lack of qualified testimony by any purchaser that he was deceived. Plaintiff’s reliance on secondary evidence when primary evidence, the testimony of the actual purchasers, was available and not used, is fatal to plaintiff’s case.

More important than the inferences which must be derived from plaintiff’s failure to produce any actual purchase equally available to plaintiff and Sunbeam, Sunbeam urges that all the evidence points to complete absence of any deception or any actual “palming off”

by plaintiff. As previously stated, Mr. Root was the only witness called who prepared any specifications on any of the jobs in evidence at the trial alleged by plaintiff in pretrial proceedings to be instances of palming off. On the four school job specifications which were prepared under his direction, Mr. Root used "K-numbers" without K-S-H. He did not intend thereby to specify a panel manufactured by plaintiff. He received panels of the proper pattern—thus he got that for which he asked, he was not deceived, confused or "palmed off" on. Following a discussion of these jobs for which he prepared the specifications [Def. Ex. AL-AO], and his characterization of the specifications as calling for a particular pattern and not a particular maker [R. 858-863] Mr. Root concluded specifically with respect to the Carolite panels furnished by Sunbeam [R. 877], stating:

"Q. And your firm has inspected these four jobs? A. Yes.

Q. And what did they find in the lighting fixtures? A. We found what was specified.

Q. And that was the pattern that was specified? A. That is correct.

Q. So in other words, Mr. Root, you got on these jobs what you asked for, is that correct?
A. That is correct."

In summary, no evidence has been produced by plaintiff establishing that any actual purchasers who used "K-numbers" alone in specifications or orders even intended thereby to receive panels of plaintiff's specific manufacture rather than panels of the particular pattern designated, and no evidence of actual deception or "palming off" by Sunbeam or of Sunbeam's intent to deceive or "palm off", is established.

On the other hand, there is substantial testimonial evidence by the actual purchasers of prismatic panels by “K-number” alone that the “K-numbers” are utilized to primarily indicate a particular lens pattern and that, if that pattern is received, they have not been deceived or “palmed off” on if such panel was not manufactured by plaintiff.

Therefore, Sunbeam submits, in accordance with the foregoing facts and authorities, that Sunbeam has not been guilty of unfair competition by substituting lighting panels manufactured by other than plaintiff upon request for K-4, K-5, K-11 or K-12 panels and that the court’s Findings and Conclusions to that effect should be affirmed.

D. The Lincoln Hospital Job Was an Isolated Instance of Inadvertent Substitution in Response to an Order Specifying by Use of the Mark K-S-H, Is Not Relevant to Orders Specifying Panels by K-Numbers Alone, and Will Not Support Plaintiff’s Broad Claim of Unfair Competition.

The lower court’s conclusion that Sunbeam was guilty of unfair competition by substituting panels manufactured by others than plaintiff upon receipt of an order specifying *K-S-H together* with a “K-number” on the Lincoln Hospital job constitutes a separate and distinct, isolated holding insufficient in itself to support plaintiff’s broad claim for injunctive relief based upon use of “K-numbers” alone.

Sunbeam has not appealed from the injunctive relief granted with respect to the obligation by Sunbeam to supply K-S-H products when such products are ordered by the K-numbers in conjunction with the terms

K-S-H or K-LITE *since such is its standard business practice.*

From the foregoing explanation of the salient facts surrounding Sunbeam's supplying of prismatic panels to the Lincoln Hospital job, it is clear that Sunbeam, whether properly or improperly, regarded the change order [Plf. Ex. 146], received some six to seven months after completion of the original project, as a separate and distinct order calling for the furnishing of a "K-numbered" prismatic panel which must match in configuration the material already installed. Such a supply procedure is entirely consistent with Sunbeam's general practice of supplying a particular manufacturer's goods when such goods are particularly specified and using its discretion as to manufacturer in supplying goods wherein the order refers only to particular pattern designations.

If, however, this Court is of the same opinion as the lower Court that because the change order bore the same purchase order number as the original order [Plf. Ex. 154] that Sunbeam is required to treat the change order as a mere continuation of the original order, then the only guilt attributable to Sunbeam is inadvertence in the internal processing of the change order. The testimony before the lower Court clearly indicates that the Sunbeam personnel who are responsible for reviewing orders for goods did not refer to the original order in determining what goods to supply under the change order (*supra*, p. 24). Even though this be incorrect in the eyes of the Court, Sunbeam contends that it does not amount to a "palming off" of other's goods for those of plaintiff nor was it intended to be.

Since Sunbeam's conduct in supplying goods under the change order may be deemed to be improper by inadvertence, if at all, this is not persuasive on the issue of unfair competition. Considering that Sunbeam bids on and fills orders for thousands of lighting fixture specifications yearly, it is submitted that one or two mistakes where the wrong goods are furnished are very likely to occur. In fact, it would seem that any business, plaintiff's included, would find a few such mistakes in the thousands of purchase orders processed annually. In this instance, no inferior goods were substituted and there has been absolutely no showing by plaintiff of any intent to defraud, or of any regular or continued practice by Sunbeam of "palming off" the lighting panels of others for those of K-S-H on specifications actually requesting prismatic panels manufactured by K-S-H.

A single isolated instance of confusion or alleged "palming off" is insufficient to establish unfair competition or the need for injunctive relief.

As this Court stated in the case of *Rohr Aircraft Corp. v. Rubber Tech. Inc.*, 163 F. Supp. 787 (SD Cal. 1957) affirmed, 266 F. 2d 613 (9th Cir. 1959):

"It is true that plaintiff was able to produce one instance in which there has been a confusion between plaintiff's seal and defendant's seal; but it is admitted that the seals in question are sold by the thousands to a multitude of manufacturers, and to produce one, isolated incident where there is confusion does not establish confusion within the meaning of the law. Consequently, the Court will hold there is no unfair competition as alleged in plaintiff's complaint."

This view has been consistently followed by the Ninth Circuit in *American Automobile Insurance Co. v. American Auto Club*, 184 F. 2d 407 (9th Cir. 1950), wherein is stated that confusion cannot be shown by pointing out that at some place, and some time, someone made a false identification. See also *McGraw-Hill Publishing Co. Inc. v. American Aviation Associates*, 117 F. 2d 293 (DC 1940).

In actuality, the Lincoln Hospital job is irrelevant to the main issue before the Court concerning the meaning and use of “K-numbers” alone. For this reason alone, the lower Court’s isolated holding with respect to the Lincoln Hospital job should not, in view of the foregoing, support plaintiff’s broad claim for injunctive relief covering the use of such “K-numbers” alone.

Conclusion.

Plaintiff has completely failed to prove that, under the ordering system in use in the industry, the highly knowledgeable purchasers within the industry have, by ordering or specifying by “K-numbers” alone, expected to receive plaintiff’s products. The lower court concluded, and the record amply supports such conclusion, that neither plaintiff itself nor the actual purchasers of prismatic panels have ever regarded or used the “K-numbers” in any way other than as descriptive designators of particular patterns or types of panels and not as an indicator of source or origin and are therefore not trademarks. Further, the lower Court concluded that the “K-numbers” used as trade symbols have acquired no “secondary meaning” primarily indicative of source or origin and therefore are not non-technical trademarks. Not only has plaintiff failed to produce evidence of such primary significance, but the record affirma-

tively demonstrates that the primary significance of such trade symbols in the minds of the actual purchaser is that of a pattern or descriptive designation. Therefore, under established legal principles, Sunbeam submits that such "K-numbers" alone do not in themselves amount to a specific request for plaintiff's products.

Plaintiff has produced no evidence whatsoever that any of the highly knowledgeable actual purchasers have been deceived, "palmed off" on or otherwise failed to receive that which they requested by "K-numbers" alone. The single isolated instance of Sunbeam's possible inadvertence on the Lincoln Hospital job is not only irrelevant to the issues concerning "K-numbers" alone but is, in itself, insufficient to support plaintiff's broad claims for injunctive relief.

Therefore, Sunbeam respectfully submits that the lower Court's Findings of Fact, Conclusions of Law and Judgment and Order should be sustained by this Court.

Respectfully submitted,

SPENSLEY, HORN & JUBAS,

By W. ROBERT SPENSLEY,

Attorneys for Appellee.

Certificate.

I certify that, in connection with the preparation of this brief, I have examined Rules 18, 19 and 39 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

W. ROBERT SPENSLEY



APPENDIX.

Findings of Fact and Conclusions of Law.

United States District Court, Central District of California.

K-S-H Plastics, Inc., a Missouri corporation, Plaintiff, v. Sunbeam Lighting Co., Inc., a California corporation, Defendant. Civil Action No. 66-168-HW.

The above-entitled cause having come on regularly for consolidated trial with the case of K-S-H Plastics, Inc. vs. Carolite, Inc. et al. (Civil Action No. 65-1238-HW) and the Court having duly considered the evidence and the post trial briefs filed by the parties, and being fully advised in the premises, on the whole record now makes the following:

Findings of Fact

1. Plaintiff, K-S-H Plastics, Inc., is a corporation incorporated under the laws of the State of Missouri, having its principal place of business at Kirkwood, Missouri.

2. Defendant, Sunbeam Lighting Co., Inc., is a corporation incorporated under the laws of the State of California and has its principal place of business at Los Angeles, California.

3. Plaintiff is a manufacturer of plastic lighting panels and began to make and sell plastic prismatic lighting panels in 1958 and has continued to do so throughout the United States up to and including the present time.

4. Defendant Sunbeam is a manufacturer of lighting fixtures and sells plastic lighting panels with its fixtures. When lighting panels other than defendant's proprietary panels are specified, Sunbeam purchases

these lighting panels from manufacturers such as defendant, Carolite, Inc., or others.

5. Lighting fixtures and lighting panels are distributed by a specification and bid system in which the specifications are prepared by architects or electrical engineers as agents of the building owner. The specification may designate the lighting fixture and the lighting panel to be supplied therewith by the use of the fixture manufacturer's name, trade designation, or catalog symbol, which incorporates the description of the panel normally supplied with the fixture designated. In relatively few instances the specifications on which Sunbeam bids describe the panels separately from the fixture using so-called K-number designations following the description of the fixture, as, for example, "K-5 Acrylic Panels"; in still fewer instances these so-called K-numbers are employed in specifications with the trademark or trade name of the plaintiff as, for example, "KSH K-5 Acrylic Panels." Defendant Sunbeam has admittedly furnished panels of Carolite, Inc. on specifications calling for K-number panels alone and without mention of KSH or K-LITE, and the basic question involved in this case is the primary significance of these K-numbers, whether pattern or source, among purchasers and specifically whether such specifications or orders calling for defendant Sunbeam's fixtures and K-numbered panels to be furnished therewith require the furnishing of the panels of plaintiff in the absence of any KSH or K-LITE designation used with such K-numbers.

6. In 1958, plaintiff adopted and began to use the trademark K-LITE on and in connection with the sale of a line of its specification quality plastic prismatic lighting panels. The term K-LITE is registered under

the Federal Trademark Act of 1946, 15 U.S.C. Sec. 1051, et seq., on the Principal Register, as Registration No. 687,973, issued November 10, 1959, which registration is presently in full force and effect, and plaintiff has now acquired incontestable rights in such term under the provisions of 15 U.S.C. Sec. 1065. Defendant has not contested the validity of such registration nor plaintiff's exclusive rights to use the K-LITE mark.

7. Prior to 1957, plaintiff adopted and began to use the trademark K-S-H on and in connection with the sale of plastic prismatic lighting panels. The term K-S-H was registered under the Federal Trademark Act of 1946, 15 U.S.C. Sec. 1051, et seq., on the Principal Register, as Registration No. 639,495, issued January 8, 1957, which registration is presently in full force and effect, and plaintiff has now acquired incontestable rights in such term under the provisions of 15 U.S.C. Sec. 1065. Defendant has not contested the validity of such registration nor plaintiff's exclusive rights to use the K-S-H mark.

8. It is stipulated that plaintiff presently manufactures and sells a number of different patterns of plastic prismatic lighting panels. Plaintiff identifies its different plastic prismatic lighting panel patterns with "K-numbers", each pattern bearing a different number preceded by the capital letter "K". The plastic prismatic lighting panels which are the subject of this action are K-4, K-5, K-11, and K-12. These patterns were first sold by plaintiff as follows:

K-4	About May 1958
K-5	About March, 1959
K-11	January, 1963
K-12	October, 1963

9. Other manufacturers, such as defendant Carolite, produce panels of similar or identical pattern to plaintiff's K-numbered panels, but plaintiff is the only lighting panel manufacturer using the specific K-numbers, K-4, K-5, K-11, and K-12. Plaintiff has never advertised its products under K-numbers alone and all its advertising and promotional material including catalogs feature the name or trademark KSH or K-LITE with the K-numbers serving as an adjunct to identify particular patterns. In plaintiff's advertising purchasers are not instructed to use K-numbers to specify the goods, but are advised to employ the trademark K-LITE. It does not appear that plaintiff itself has generally regarded the K-numbers as an indication of source or used them as such, but has relied on its name and registered trademarks to identify the maker of the goods.

10. K-numbers are regularly and substantially used by other fluorescent fixture manufacturing companies in the promotion and sale of lighting panels of others in a similar or identical pattern to plaintiff's K-numbered panels. They are generally used in specifying, ordering, and supplying panels to indicate the pattern only. Such K-numbers are not associated by specification writers and other purchasers or the trade with a single source or manufacturer. The primary significance of K-numbers, alone and apart from K-LITE or KSH, both in the trade and among purchasers is one of pattern and not producer.

11. Plaintiff has not established a secondary meaning to the terms K-4, K-5, K-11, and K-12.

12. Plaintiff has failed to establish that any party using K-numbers alone in ordering or specifying de-

defendant's fixtures with prismatic lighting panels was specifically seeking to purchase the lighting panels of plaintiff, or that any such purchaser who was supplied with panels manufactured by a party other than plaintiff was deceived, palmed off on, or otherwise failed to obtain what was intended to be purchased.

13. Specifications prepared by electrical engineers and architects which describe or designate lighting panels with a K-number in conjunction with the terms K-S-H or K-LITE are a demand upon the lighting fixture manufacturer to provide a lighting panel manufactured only by plaintiff, and if a lighting panel manufactured by a party other than plaintiff is offered or supplied, prior approval must be obtained from the architect or electrical engineer who prepared the specification.

14. Defendant substituted, without authorization or approval, 305 replacement lighting panels manufactured by Carolite, Inc. which were identical in appearance and structure to the K-S-H K-4 lighting panels demanded by the original specifications for installation in the John C. Lincoln Hospital and actually supplied on the original job. The substitution was not made for the purpose or with the intent of palming off Carolite's goods for those of plaintiff, but resulted from defendant's failure to refer back to the original specification requiring K-S-H panels in filling the replacement order, and the furnishing of the replacement panels of Carolite on the Lincoln Hospital job was the only instance of unauthorized substitution by Sunbeam which was established at the trial of the action.

Conclusions of Law

1. This Court has jurisdiction over the parties and of this action.

2. Plaintiff does not have an exclusive right to use "K-numbers" in the lighting panel industry.

3. Plaintiff does not have any common law trademark rights in K-4, K-5, K-11, and K-12.

4. Plaintiff's Federally registered trademarks, K-LITE (No. 687,973) and KSH (No. 639,495) are valid and plaintiff has the exclusive right to the use of these terms.

5. Defendant is not guilty of unfair competition by substituting without authorization lighting panels manufactured by others than plaintiff when the specification or purchase order designates the lighting panels to be supplied with a K-number alone and apart from KSH or K-LITE.

6. When specifications call for K-LITE or for K-S-H K-4, K-5, K-11, or K-12, defendant cannot substitute other materials. Such substitution would be unfair competition. Defendant has been guilty of unfair competition in substituting 305 K-4 replacement panels on the Lincoln Hospital job.

7. Plaintiff is entitled to a permanent injunction against defendant preventing defendant from unfair competition by palming off and specifically preventing the substitution of lighting panels manufactured by others for those of plaintiff when plaintiff's lighting panels are specified or ordered by K-number in conjunction with K-S-H or K-LITE.

8. Plaintiff is entitled to nominal damages of Fifty Dollars and such costs in this action as may be taxed by the Court.

Dated: May 4, 1967.

[illegible]

United States District Judge.

Final Judgment.

United States District Court, Central District of California.

K-S-H Plastics, Inc., a Missouri corporation, Plaintiff, v. Sunbeam Lighting Co., Inc., a California corporation, Defendant. Civil Action No. 66-168-HW.

In accordance with the Findings of Fact and Conclusions of Law herein made by the Court, it is hereby ordered and adjudged:

1. That defendant Sunbeam Lighting Co., Inc., its officers, agents, servants, employees, and attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service, or otherwise, and each of them, shall be and hereby are permanently enjoined and restrained from competing unfairly with plaintiff, and specifically from palming off lighting panels not made or sold by plaintiff as those of plaintiff where plaintiff's lighting panels are ordered or specified by a K-number in conjunction with K-S-H or K-LITE, provided, however, that this injunction shall not restrain or enjoin said parties from furnishing lighting panels of manufacture by any other party on specifications or orders calling for K-numbered panels where K-S-H or K-LITE is not employed in said specification or order in conjunction with such K-number.

2. That plaintiff shall recover from defendant the sum of Fifty Dollars as nominal damages with interest thereon as provided by law and such costs of the action as may be taxed by the Court.

Dated: May 4, 1967.

Harry C. Westover

United States District Judge

